

CONVERSION OF A FOREIGN ENTITY INTO A CALIFORNIA STOCK CORPORATION

If authorized by the laws under which it is formed, a foreign entity can be converted into a California stock corporation by filing Articles of Incorporation containing a statement of conversion.

The attached sample meets the minimum statutory requirements for Articles of Incorporation containing a statement of conversion for a general stock corporation (see California Corporations Code commencing with sections [200](#) and [1150](#)) and may be used as a guide in preparing documents. Modifications can be made to add permissive provisions and/or to meet the specific statutory requirements for a professional or close corporation. The Secretary of State does not provide a standardized form due to the many possible drafting variations.

Articles of Incorporation containing a statement of conversion cannot be processed using the preclearance, expedite, wait for or rush letter service and are not filed in the regional offices. Documents must be mailed or hand delivered for over-the-counter processing to the Sacramento office at:

Business Programs Division (916) 657-5448
1500 11th Street
Sacramento, CA 95814
Attention: Document Filing Support Unit

The **filing fee** for Articles of Incorporation containing a statement of conversion is **\$250.00 if the document is filed on or before December 31, 2004, and \$150.00 if the document is filed on or after January 1, 2005**. A \$15.00 **special handling fee** is applicable for processing documents delivered in person at the Sacramento office. The \$15.00 special handling fee must be remitted by separate check for each submittal and will be retained whether the documents are filed or rejected. The special handling fee does not apply to documents submitted by mail. Check(s) should be made payable to the Secretary of State.

The original and at least two copies should be included with your submittal. The Secretary of State will certify two copies of the filed document without charge, **provided that the copies are submitted to the Secretary of State with the document to be filed**. Any additional copies submitted will be certified upon request and payment of the \$8.00 per copy certification fee.

To facilitate the processing of documents mailed to the Secretary of State, a self-addressed envelope and a letter referencing the corporate name as well as the sender's name, return address and telephone number should be included with the submittal.

PLEASE NOTE: Businesses incorporating in California are subject to California corporation franchise tax requirements until such time as they formally dissolve. Information regarding franchise tax requirements can be obtained from the [Franchise Tax Board's website](#) or by calling the Franchise Tax Board at 1-800-852-5711.

The Secretary of State does not license corporations or business entities. For licensing requirements, please contact the city and/or county where the principal place of business is located and/or the state agency with jurisdiction over the business, e.g. Contractors State License Board.

(Please see reverse)

When forming a new corporation you may need to contact one or more of the following agencies for additional information:

- The [Franchise Tax Board](#) – for information regarding **franchise tax** requirements.
- The [Board of Equalization](#) – for information regarding **sales tax** and/or **use tax** liability.
- The [Department of Corporations](#) – for information regarding **issuance and sale of securities** in California, Franchise Investment Law, Personal Property Brokers Law and/or Escrow Law requirements.
- The [Department of Insurance](#) – for information regarding **insurer** requirements.
- The [Department of Financial Institutions](#) – for information regarding the organization of **banks** and **corporate name style** requirements.
- The [Department of Consumer Affairs](#) – for information regarding **licensing** requirements.
- The [Employment Development Department](#) – for information regarding **disability unemployment insurance tax**.
- The [Department of Industrial Relations](#), Division of Workers' Compensation – for information regarding **workers' compensation** requirements.
- The [city and/or county clerk and/or recorder](#) where the principal place of business is located – for information regarding business licenses, fictitious business names (if doing business under a name other than the corporate name), and for specific requirements regarding zoning, building permits, etc. based on the business activities of the corporation.
- The [Internal Revenue Service](#) (IRS) – for information regarding **federal employer identification numbers**.

CONVERSION OF A FOREIGN ENTITY INTO A CALIFORNIA STOCK CORPORATION

INSTRUCTIONS:

The Articles of Incorporation containing a statement of conversion must be drafted to include all the provisions required by the California Corporations Code. The articles may include other provisions (such as the names and addresses of the initial directors) if permitted under California law. The attached sample meets the minimum statutory requirements and should only be used as a guide in preparing documents. The document **must** be typed with letters in dark contrast to the paper. Documents not suitable for reproduction will be returned unfiled.

Article I – The articles must include the name of the corporation, which name must be exactly as you want it to appear on the records of the Secretary of State.

Article II – This **exact** statement is required by the Corporations Code and cannot be modified.

Article III – The articles must include the name of the initial agent for service of process. The designated agent, whether an individual or a corporation, **must** agree to accept service of process on behalf of the corporation prior to designation.

- If an individual is designated as agent, a California address must be included.
- If a corporation is designated as agent:
 - that other corporation **must have previously filed** with the Secretary of State, a certificate pursuant to Corporations Code [section 1505](#). Note, a corporation cannot designate itself as its own agent for service of process.
 - the address of the designated corporation must be omitted.

Article IV – The articles must include the total number of shares the corporation will be authorized to issue.

NOTE: Before shares of stock are sold or issued the corporation must comply with the Corporate Securities Law administered by the [Department of Corporations](#). For information regarding permits to issue shares please contact that agency.

Article V – The articles must include a statement of conversion. (Corporations Code [section 1157](#).)

The Articles of Incorporation **must** be signed. If initial directors are named in the articles, additional signatures and acknowledgements may be necessary since the articles must also be signed and acknowledged by the named initial directors. If initial directors are not named in the articles, the individuals executing the document are the incorporators of the corporation. (See Corporations Code [section 200\(b\)](#).)

SAMPLE – Conversion Of A Foreign Entity Into A California Stock Corporation

ARTICLES OF INCORPORATION WITH STATEMENT OF CONVERSION

I

The name of this corporation is _____ (*NAME OF CORPORATION*).

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the **GENERAL CORPORATION LAW** of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name _____

Address _____

City _____ State **CALIFORNIA** Zip _____

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is _____.

V

(Statement of Conversion)

The name of the converting entity is _____ (*NAME OF FOREIGN ENTITY*); it is a _____ (*TYPE OF FOREIGN ENTITY*) formed in _____ (*JURISDICTION OF ORGANIZATION OF THE FOREIGN ENTITY*). [The converting entity's California Secretary of State file number is _____ (*FILE NUMBER OF FOREIGN ENTITY*)] The foreign entity is authorized to effect the conversion by the laws under which it is formed, and it has approved a plan of conversion or other instrument to effect the conversion as required by the laws under which it is formed. The conversion has been approved by the number or percentage of applicable holders of interest of the foreign entity as is required by the laws under which it is formed.

(*Signature of Required Individual*)

(*Typed Name of Required Individual*), (*Title of Required Individual*) of (*NAME OF FOREIGN ENTITY*) and Incorporator

(*Signature of Required Individual*)

(*Typed Name of Required Individual*), (*Title of Required Individual*) of (*NAME OF FOREIGN ENTITY*) and Incorporator

This sample is only to be used as a guide in preparing Articles of Incorporation containing a statement of conversion. This sample meets the minimum statutory requirements; for other scenarios, refer to the California Corporations Code commencing with sections [200](#) and [1150](#).